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INTERNATIONAL MARKET SELECTION: AN APPLICATION OF THE SHIFT-SHARE MODEL TO THE SPANISH WINE INDUSTRY

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ABSTRACT: Internationalization is one of the most important and challenging strategic decisions companies take nowadays. Considering the need of minimizing the potential adverse consequences of targeting inadequate markets, systematic International Market Selection (IMS) methods are employed. Nevertheless, Small and Medium-Sized Enterprises (SMEs) cannot afford these sometimes costly and complex models in their internationalization process due to lack of knowledge, time and resources. Instead, they follow their intuition or other company's suggestions. In order to solve the proposed problem, this project provides an application of the Shift-Share model, a well-known method for analyzing growth rate variations. The selected study subject is the Spanish wine industry by virtue of its importance internationally and the predominance of SMEs. The stepwise description, the use of accessible data and the easy-to-understand results are some of the key strengths the suggested model holds in its attempt to reinforce the widespread in use of IMS methods among SMEs.

KEYWORDS: Shift-Share model, Spain, Wine Industry, Designation of Origin (DO), International Market Selection (IMS), Small & Medium-Sized Enterprises (SMEs).

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BACKGROUND MATERIAL

1. INTRODUCTION

1.1 Importance & Motivation.

The identification of promising foreign target markets has become one of the key strategic decisions companies take nowadays (Sakarya, Eckman, & Hyllegard, 2007). Its sizeable importance is directly related to the astonishing economic development prompted by globalization, the most significant trend in international markets of the last 50 years (Levitt, 1983). Besides, the internationalization decision process is interrelated with other strategic choices (Gaston-Breton & Martín Martín, 2011) such as mode of entry (Koch 2011), foreign marketing programmes (Papadopoulos & Denis, 1988), and, ultimately, success and performance (Brouthers, Mukhopadhyay, Wilkinson, & Brouthers, 2009). All previously exposed interrelationships and the potential adverse consequences resulting from an inaccurate handling of all aspects in International Market Selection (IMS) involved, reinforce its extraordinary relevance.

Despite its obvious impact, there is no evidence enough supporting the adoption of systematic methods to approach the market screening process by Small and Medium-Sized Enterprises (SMEs). Actually, these businesses are negatively characterized by: resistance to change, risk aversion, short-termism with regards to payback period and innovation in product or service strategies (Poza, 1989).

The notable price and knowledge required to adopt IMS models directly influence the restricted widespread of these systematic methodologies; regardless of the incremental aid that government agencies, Chambers of Commerce and other external agencies offered to SMEs (Pinney, 1970). In fact, these additional counseling and financing efforts have resulted, as a matter of fact, in the dissipation of trade barriers and escalation of information availability, among other considerations.

SMEs rely frequently more on non-systematic criteria (Brown & Cook, 1990; Ellis, 1995, 2000; Lee & Brasch, 1978; Musso & Francioni, 2012, 2015; Duarte Alonso, Bressan, Oshea & Krajsic, 2014) such as: physic distance (Johansson & Vahlne, 1977), cultural distance (Carlson, 1975), geographic distance (Sethi, 1971) and reputation. Nevertheless, there is evidence supporting that the SMEs which use systematic methods for IMS performed better than those which do not (Brouthers & Nakos, 2005).

The Spanish wine industry is characterized by the predominance of small family-run businesses, and, although, they are usually quite entrepreneurial and internationalized, most of them lack an organized approach to IMS. It is precisely the limited size of wineries in Spain which restricts their international capacities constituting one of their major weaknesses (Millán & Yagüe, 1997). Besides, most enterprises lack an attributable brand name, which is highly valued by foreign wine consumers in all price segments. In fact, most wineries develop their individual business image by relying on the quality reputation of Denominations of Origin (Castriota & Delmastro, 2008).

Over the last forty years, the wine industry has experienced an extraordinary development in terms of enterprises networking which has directly impacted on the internationalization process of Spanish wine producers. As a case in point, Grupo Rioja is an association representing more than fifty wineries of all sizes and sorts belonging to Rioja's Qualified Denomination of Origin (DOC). It has facilitated the jointly commercialization of this region's wine by bringing together companies' resources and taking advantage of group synergies.

Regardless of the congruent performance of these commercial cooperation units, the lack of systematic procedures in IMS constitutes still a sizeable constraint in developing an efficient expansion pattern. Considering the vast potential these methodologies have (Ansoff, 1965; Armstrong, 1982), it is surprising to apprehend how constrained their application is. Some of the underlying reasons elucidating this shortage in use are the doubtful reliability of the attainable information, difficulty in accessing data, lack of awareness, complexity and high costs, among others (Martín Martín, 2003).

Bearing in mind what IMS supposes in the current commerce environment and the hurdles enterprises encounter in adopting these methods; it is expected to ascertain abounding literature targeting the topic. Many are the authors who have tried over the years to formulate easy-to-use and affordable but efficient and powerful models. However, the efforts devoted to establish an order in the IMS decision process by spreading the appliance of systematic methods, have not accomplished its main goal.

These conceptions were primarily designed for SMEs by virtue of their vulnerable departure position, with the purpose of favoring the use of structured IMS models in their decision making. In fact, so as to escalate the utilization of these methodologies by these sort of

enterprises, the required strategy must be primarily based on research papers enlightening the abundant advantages and magnification of efficiency to which these approaches guide.

1.2 Background, Objective & Contribution.

A structured IMS approach is advisable in order to avoid the unfavorable consequences of targeting an unsuitable foreign market (Ozturk, Joiner & Cavusgil, 2015). Nevertheless, the abundance of available methods (e.g. Cavusgil, Kiyak & Yeniyurt, 2004; Marchi, Vignola, Facchinetti & Mastroleo, 2014…) may overwhelm companies while choosing the most suitable one. Although there are numerous classifications for IMS models (Papadopoulos & Denis, 1988; Sheridan 1988; Albaum, Strandskow, Duerr, & Dowd, 1994; Bradley, 1995; Chen, 1996; Martín Martín, 2003), those methodologies are generally categorized in systematic and nonsystematic.

Regarding the numerous advantages the application of a systematic method encounters, the objective of this project is to provide wineries with an easy-to-use but powerful tool for systematizing their internationalization decision making. For this purpose, the general sequence idea present in the Two-Stage Model (Hoffman, 1997) as exposed by Gaston-Breton & Martín Martín (2011) is combined with an adaptation of the Shift-Share model applied to the business world; precisely, the wine industry.

The Shift-Share model is a well-established system in the study of regional and industrial economics; precisely employment, arrivals and receipts (Shi, Zhang, Gao & Yang, 2007). First formulated by Creamer (1943), and then summarized by Dunn (1960), this analysis method has proved over the years that, in spite of its simplicity, it captures the considered variables' fluctuations. Besides, it leads to fast and reasonably accurate outcomes, from few data generally accessible. Since then, it has undergone numerous extensions and improvements. Consequently, there is quite an abundant literature targeting the economic applications of the Shift-Share model to matters such as employment. Nevertheless, the research studies targeting business issues are considerably limited.

By means of the numerous advantages this methodology possesses, being one of them the possibility of comparing growth rates among regions (Firgo & Fritz 2016), the Shift-Share model provides an interesting framework for analyzing the IMS decision process.

Two are the ways in which this project contributes to IMS and Shift-Share literature. To begin with, it is the first research study targeting the IMS process for the Wine Industry since, as far as the preliminary analysis has revealed, no one has tried to tackle this sector before. Moreover, it works on the lack of industry-specific IMS methods, the scarcity of application illustrations and the problem of generalization (Papadopoulos, Chen & Thomas, 2002) by incorporating a general section followed by a product-specific part. Last but not least, this methodology overcomes two key limitations of the Shift-Share model described by previous researchers (Papadopoulos & Denis, 1988): primary, the limitation present in Green & Allaway (1985) where only two criteria were contemplated; and next, the lack of evaluation of the whole set of strategic or environmental dimensions of IMS.

The remedies consist on adding flexibility empowering future researchers to incorporate as many industry-/company-specific variables as desired to make the model as accurate as possible; and performing a "macro-micro analysis" which includes the strategic aspects present in IMS (Douglas, Le Maire & Wind, 1972; Douglas, Craig & Keegan, 1982; Douglas & Craig, 1983). In other words, this study shows the Shift-Share model not only as a forward looking valuable resource with which companies in the wine sector could keep track of potential and existing markets; but also as an IMS tool generalizable to other industries.

In the remaining body of this paper, the theoretical framework both of IMS and the Shift-Share model is first explained. Then, the Shift-Share model is presented, followed by the sample and variables description, along with choices' clarification. Subsequently, findings are summarized and interpreted. To conclude, implications for Wine Producers in Spain, policy makers and academics are identified in addition to the exposition of paper limitations and suggestions for future research gates.

2. THEORETICAL FRAMEWORK

The purpose of this section is to show the fundamental findings of both IMS and Shift-Share methodologies over time. There are numerous existing papers and a great controversy among researchers, especially regarding IMS studies. Therefore, it is necessary to provide a general overview of all available resources to build up a comprehensible framework that supports the formulation of this new proposal.

To begin with, IMS literature is examined through the classification proposed by Martín Martín (2003): quantitative vs. qualitative. Then, the historic development of the Shift-Share in Economics is evaluated followed by a descriptive exposition of its limited business applications and a stepwise explanation of the model building process. Finally, the conceptualization and variables selection procedure are targeted by focusing on: previous literature supporting the choices, source, units and time-frame.

2.1 IMS Literature Review

As it was mentioned above, there are several IMS classifications according to the grouping criteria selected. In this paper, Martín Martín's (2003) assortment is the chosen guidebook to provide an overview of IMS literature. The underlying reasoning for selecting this scheme over the others is the incorporation of additional considerations to overcome limitations of previous taxonomies. In particular, the inclusion of conditions explaining the use of various types of methods, and the exhibition of the employed criteria in the classification tree.

The proposed classification arranges systematic methods in three groups: Decision Making Models, Data Analysis Methods applied to IMS, and General IMS Models. So as to provide a complete understanding of the IMS research entourage, each section is reviewed following the same scheme: a personal definition and an overall analysis of each individual proposal with the incorporation of a group's limitations. Regarding the literature abundance, this project only focuses on the period 2000-2016 so as to consider contemporary contributions and modern extensions of already established methods. Bearing in mind the selected categorization was proposed in 2003, many years before the upper limit of the chosen time frame, most recent research studies are distributed among the established groups relying on personal judgment.

2.1.1 Decision Making Methods

Decision Making Methods applied to IMS are ordered sets of rules and procedures which describe the sequence to follow for the decider in order to accomplish the IMS process (Martín Martín, 2003). These models do not integrate statistical methodologies but simple rules, which impact positively on companies' potential application.

Although over the years decision making models have experienced a sizeable evolution towards more detailed methodologies overcoming most of its early limitations, the presence of certain remaining drawbacks pushes new researchers to continue looking for a better system. In 2001, two studies revolutionize the IMS literature becoming the influence of successive research papers.

On the one hand, Brewer proposed a new model considering how already-exporting Australian companies selected new markets. It was an inductive and empirical model, easy to replicate to other Australian companies, which was build up through sampling, interviews and qualitative research. On the other hand, Koch analyzed the connection between IMS and the mode of entry in addition to the presentation of a new normative methodology. The breaking attribution of this model was the systematization of two decisions in a single model.

Recently, Shabani & Saen (2016) developed an extension of the imprecise dual-role hybrid measure of efficiency for IMS using ternary variable. This method, named as Data Envelopment Analysis (DEA), was first applied to market selection by Saen in 2011. And although two years later, Shabani, Saen & Vazifehdoost already tried to tackle the data scarcity issue, there was still room for further optimization.

In spite of their simplicity and adaptability to particular circumstances which reinforce their application potential by enterprises for IMS purposes, Decision Making Models' use is not widespread. Therefore, in order to expand their adoption, more advertising and further information about them must be published in the shape of, for instance, institutional support (Chamber of Commerce or ICEX) or training programs.

2.1.2 Data Analysis Methods applied to IMS

IMS methods based on data analysis techniques are statistic-mathematical models applied to IMS problems. They are not new methodologies, but existing ones applied to IMS (Martín Martín, 2003). These models' applications to IMS can be classified in five different subcategories: Grouping Methods, Portfolio Models, Multifactorial Indexes, Shift-Share Model and Econometric Methods. Regarding not all types have been targeted by recent IMS research papers, only the most contemporary proposals are explained, regardless of its chronology, as a way of illustrating the current status of the examined category.

2.1.2.1 Grouping Methods

Grouping Methods applied to IMS consist on statistical techniques whose final objective is to identify sets of countries which can be considered as relatively similar among them and different from others, relying on one or more characteristics (Martín Martín, 2003).

More recent research targeting this topic includes the combination of country clustering and country ranking in one single method to assess and select foreign markets. This synergistic methodology was developed by Cavusgil, Kiyak & Yeniyurt in 2004. Seven years later, in 2011, Gaston-Breton & Martín Martín introduced their two-stage model in which a preliminary macro-segmentation was performed followed by a micro-grouping analysis. Precisely, countries were clustered on behalf of the people similarities in terms of social and personal values.

From previous literature review it can be concluded that Grouping Methods have enjoyed a constant improvement over time. In fact, its evolution has a direct relationship with the development of informatics. Even though most models did not have in their first formulation IMS as primary objective, these methodologies have great potential in marketing applications due to their simplicity and the increasing availability of secondary data. Grouping Methods application will be widespread in combination with other methods or conceptual frameworks.

2.1.2.2 Portfolio Models

Portfolio Models adapted to IMS are strategic planning methods which facilitate the selection process by representing in a two-dimensional scale, from multifactorial indexes data, the relative situation of one country respect to the others (Martín Martín, 2003).

The latest research paper regarding this methodology was published by Albaum, Strandskov, Duerr, & Dowd in 1994. Its main objective was to provide an explanation of how to apply Portfolio Methods to IMS through a matrix development in which a country's attractiveness and its comparative advantage were compared (Harrell & Kiefer, 1981). Moreover, an empirical illustration was exposed in the shape of a countries' classification.

Preceding research reveals the strategic nature of this methodology type which is susceptible of application to the identification and analysis of potential market opportunities. It is interesting to highlight how widely extended the application of Portfolio Models is, due to their similarity to other well-known methods such as Boston Consulting Group (Martín Martín, 2003).

Nevertheless, it is recommended to use this method in combination with others, precisely, with Decision Making Models to incorporate a deep final evaluation of markets.

2.1.2.3 Multifactorial Indexes

Multifactorial Indexes devoted to IMS are data aggregating techniques whose objective is normally the estimation of potential product demand through proxy variables. Although they are not commonly limited to two single factors, if that is the case, the graphical two-dimensional figure will be similarly formed as that of Portfolio Models (Martín Martín, 2003).

The first method formulated to measure and rank markets was developed by Liander, Terpstra, Yoshino, & Sherbini (1967) for measuring the effect the environment had on Marketing. Nevertheless, one of the most innovative models would appear years later under the name of Overall Market Opportunity Index (OMOI). It was proposed by Cavusgil (1997) and applied to emerging countries. A recent extension advanced by Sheng and Mullen (2011), incorporated the economic-based gravity model of international trade, showing that geographic distance, market size and regional trade agreements were relevant in the attractiveness of markets.

2.1.2.4 Shift-Share Model

The Shift-Share is a model traditionally used to analyze sectors by identifying differences in growth rates between countries and overtime. The applications of this methodology for business purposes are quite limited, in contrast with the vast literature available in Economics. As this method supposes in essence the base of this paper, a whole section is devoted to further describe it and provide the necessary background for its complete comprehension.

2.1.2.5 Econometric Methods

Econometrics applied to IMS consists on the formulation of a regression model which lets the user identify one or more potential foreign markets for the company products (Martín Martín, 2003). Some of the most relevant drawbacks this methodology faces throughout the numerous preceding studies are strategy's disregard and models' lack of completeness and description.

The most contemporaneous research paper considering the adoption of econometrics to IMS was introduced by He, Lin & Wei (2016) in shape of Transaction Cost Analysis (TCA) applied to IMS. The employed regression models were controlled for possible endogeneity. This paper supposed a key contribution to IMS literature by developing an original framework based on TCA to the internationalization process.

2.1.3 General IMS Models

General IMS Models are ordered sets of rules and procedures which describe the sequence to follow by the decider in order to accomplish the IMS process. They combine simple decision guidelines and statistic-mathematical methods of analysis (Martín Martín, 2003). One of the strongest disadvantages found in those research papers was the lack of completeness and description. While some studies actually included both an initial screening and a subsequent pure selection phase, the formulation was either too complex or difficult to comprehend.

There are numerous recent studies targeting IMS that can be classified as General IMS models. As a way of illustration, different authors stand for the introduction of new variables. That is the case of Alon (2006), who incorporated specific terms for emerging markets such as income distribution; or Sakarya, Eckman & Hyllegard (2007) who added market dynamism (market size and growth), culture and customer receptiveness.

Other studies focused on new methodological approaches. For instance, Marchi, Vignola, Facchinetti, & Mastroleo (2014) defined a multi-criteria tactic with a wider set of variables aggregated in a three-shaped model named Fuzzy Expert System (FES). Besides, Ozturk, Joiner, & Cavusgil (2015) proposed a practical and flexible three stages template for assessing country chances abroad under the designation Foreign Market Opportunity Analysis (FMOA).

2.2 Shift-Share Literature Review

The Shift-Share Model applied to IMS can be defined as the tool employed to identify market opportunities for a specific product through the analysis of import growth differences for various countries over time. Nowadays, additional variables' evolution is also contemplated.

In this explanatory section, a review of this methodology's available literature is provided focusing on both its economic and business applications. Then, so as to understand the

reasoning underlying the meaning and potential of the Shift-Share Method, a step-by-step description of the building process is incorporated.

2.2.1 Economic Applications

The traditional Shift-Share approach decomposes growth rates into three components: a growth effect with respect to a reference area ("national share"), a structural effect ("proportional shift"), and a factor of competitiveness component ("differential shift"), which describes the relative competitive advantage or disadvantage of the analyzed region. Nevertheless, this static analysis has been subjected to numerous critics.

First of all, it considers only the change among the initial and ending year, losing therefore the swings during the study periods (Sirakaya, Uysal & Toepper, 1995). Secondly, it assumes the independence of regions, leaving aside the synergy effect that one could have on the other. Thirdly, the so-called "shipbuilding in the midlands" problem (Möller, & Tassinopoulos 2000): where small absolute changes in sectors or regions of little relevance may correspond to high relative changes in these sectors/regions.

So as to overcome the limitations exposed before, the Shift-Share values should be computed by employing a dynamic, time-series-like data (Sirakaya, Choi & Var, 2002). The dynamic method was developed from Thirlwall's (1967) suggestion of dividing the study period into various subsections to track year-to-year variations and capture as much information as possible. Years later, in 2004, Nazara & Hewings formulated an extended Shift-Share model which tackled the independence issue by incorporating a spatial structure that highlights the interregional interaction in the decomposition analysis. Subsequent research papers such as Mayor & López (2010) accounted for this interaction by adopting a set of space weighting matrixes. Recently, Firgo & Fritz (2016) added a weighting for each coefficient equal to the share of the corresponding variable within the respective restriction equation.

Further extensions compromise studies such as the Two-Category Shift-Share model formulated by Mulligan & Molin (2004) where not only industry employment was considered but also occupation, in addition to the comparison of actual and virtual performance (Marimon, & Zilibotti 1998). The introduction of further study variables allowed them to leave the region specific effects aside which contributed to, among other reasons, evaluate the

within-country economic performance of regions (Toulemonde, 2001). Moreover, the inclusion of international trade's effect made by Chiang (2012), through the adoption of the net export ratio, provided a disaggregation of domestic and foreign components of regional employment change.

It is important to highlight how tourism has played an important role for researchers in the application of the Shift-Share model, not only for economic purposes but also for marketing, as it will be exposed in the next subsection. Various are the authors who have devoted their efforts to tackle the economic issues around this sector and, at the same time, to incorporate further extensions of this methodology (Sirakaya, Uysal & Toepper, 1995; Alavi & Yasin, 2000; Fuchs, Rijken, Peters & Weiermair, 2000; Toh, Khan, & Koh, 2001; Sirakaya, Choi & Var, 2002; Toh, Khan, & Lim, 2003; Toh, Khan, & Yap, 2004; Yasin, Alavi, Sobral & Lisboa, 2004).

2.2.2 Business Applications

To begin with, it must be emphasized that the Shift-Share model has also been applied to business literature, but to a lesser extent. In other words, there is a substantial lack of research regarding its application to enterprises. Huff & Sherr (1967) were the first ones in introducing this methodology as a tool for measuring variations in regional sales volume growth (both in absolute and relative terms). In fact, this study brought in the formulation of the "percentage net shift" variable, which constitutes the most significant illustration of growth changes among countries the Shift-Share model provides.

Years later, Yandle (1978) made use of the preceding model to assess brand performance, and Kerin, Mahajan, & Peterson (1980) suggested that the technique could be employed as a diagnostic tool to appraise product accomplishments. Then, Green, & Allaway (1985) developed an extension of Huff & Sherr's model by employing it as a market screening method. Despite its simplicity in use and potential, considering it can be adopted for analyzing a wide amount of products at a time, it only targets market potential as a measured of imports disregarding the market share hold by locals.

In 1996, Chen, based on the premises exposed by previous authors, developed an effective and efficient model of identification of product-specific export opportunities. In order to overcome the generalization and the lack of flexibility problems inherent to this methodology,

Chen's paper and its contemporaneous revisions and empirical applications (Papadopoulos, Chen & Thomas, 2002) incorporated the inclusion of total demand or industry-specific variables in the traditional Shift-Share Model.

Years later, Williamson, Kshetri, Heijwegen & Schiopu (2006), extending Huff & Sherr's original model, formulated a new revision by incorporating two new variables: import market competitiveness and barriers-to-import; and making use of inferential statistics to validate the selected variables for export market identification.

The touristic sector, as it was mentioned before, has in recent years been the focus of application of the Shift-Share analysis for sectorial structure and competitiveness, concretely in China (Yasin, Alavi, Sobral & Lisboa, 2004; Li & Cheng, 2004; Wang, Liu, & Zhang, 2004; Wen & Wang, 2005; Chu, Li, & Jin, 2005). Nevertheless, the adoption of this methodology for business purposes has been restricted to its static version rather than incorporating the dynamic extension. That is why in 2007, Shi, Zhang, Yang and Zhou decided to contribute to Shift-Share literature by filling that research gap.

The available literature on Shift-Share applications to IMS supports the potential this method may have as foreign market selection method. In fact, its definition as product-specific and the easy accessibility to needed data it offers, suppose two key points over other IMS models. Nevertheless, there are several limitations to overcome: 1. its formulation as non-strategic sets out an essential component of IMS; 2. its focus on imports rather than demand as a whole supposes a quite sever drawback which actually leaves the Shift-Share model aside of IMS applications. However, as it will be seen in forthcoming sections, with the incorporation of certain variables these shortcomings may be overcome.

2.2.3 Step-by-Step Model Description

As previously exposed, the Shift-Share Model was first introduced into the business literature as a tool for formulating variables which could capture the aspects of sales volume growth (Huff & Sherr, 1967). For purpose of this project, the percentage net shift contribution developed by Green and Allaway (1985) is also contemplated because it gives the most meaningful view of changes in growth among all markets considered on the analysis. In order

to describe the steps followed to build up these variables, Williamson, Kshetri, Heijwegen, & Schiopu (2010) description is contemplated.

For explaining the mathematics underneath the model, it will be supposed that there are m markets, and a certain unit volume for each country V_i, where "i" ranges from one to m. So as to have a global figure of the unit volume, all values for every potential market are summed:

[1] $$\sum_{i=1}^{m} V_i$$

In order to hold the most homogenized analysis as possible, the same ten-year window (2004-2014) is considered for each variable. The next step is to calculate the total growth rate, k, of the whole countries set for a certain variable. This computation consists on simply dividing the global unit volume of the specified period's last year, 2014; by that of the initial one, 2004.

[2] $$k = \frac{\sum_{i=1}^{m} V_{i,2014}}{\sum_{i=1}^{m} V_{i,2004}}$$

Then, multiplying the just computed average growth rate by the initial unit volume $V_{i,2004}$, the expected future 2014's value for a specific market "i" can be obtained. The resulting expectation constitutes a prediction of the growth a certain nation may experience in 2014 if it grew at a pace equal to the average growth of all markets.

[3] $$E(V_{i,2014}) = k * V_{i,2004}$$

Then, this estimation is compared with the actual 2014's growth of market "i". The net shift for a given country "i", Ni, is precisely the difference between the actual and expected growth for a country market "i" in 2014. It is, therefore, a measure of the existent deviation of a country's real performance from its expected performance.

[4] $$N_i = V_{i,2014} - E(V_{i,2014})$$

It is important to highlight that the total sum of Ni would be equal to zero. Hence, regarding the sum of either all positive or negative values is exactly the same but with opposite signs, the total absolute net shifts, S, is calculated as the sum of only positive Ni values (N_j^+) where there are j country markets and denoted as:

[5] $$S = \sum_{j=1}^{u} N_j^+$$

Finally, the percentage net shift for a given country market "i" is calculated. This measure can be described as the percentage of the total gain or loss of market share accounted for by each member of the group of contemplated countries.

[6] $$R_i = \frac{N_i}{S} * 100$$

Once again it is necessary to consider that the total sum of net shifts would be equal to zero, being the addition of the positive values equal to 100% and that of the negative -100%. This process is conducted for each variable on this model's second phase, the selection stage.

2.3 Two-Stage Model

Reviewed precedent literature on IMS revealed that the presence of a first screening stage is strongly supported by both companies and researchers due to markets' heterogeneity (Marchi, Vignola, Facchinetti, & Mastroleo, 2014). Therefore, it is useful to perform a preliminary filter so as to identify potential markets for subsequent in-depth analysis (Douglas & Craig, 1983; Root, 1994; Lloyd, Russow & Okoroafo, 1996; Cavusgil, Kiyak, & Yeniyurt, 2004).

On the one hand, the screening phase is based mainly on macro-level indicators, such as Country Risk or Human Development Index (HDI), to expel countries that do not meet the industry's objectives and, hence, to keep only export attractive markets. On the other hand, the selection stage employs product-specific variables to generate a short list of countries for which further analysis is required. Once all data is collected and a weight is attributed to each factor, a ranking of attractiveness is obtained.

In this project, the Shift-Share approach would be only used during the selection analysis. Considering growth rates inform about the evolution of certain variables over a specific period, this methodology is perceived as more informative for ranking markets which already hold a minimum attractiveness level.

2.4 Conceptualization & Variables Selection

The variables' selection process has been supported by a first literature review and a subsequent field study which consisted on interviewing the manager and executive director of a small-sized winery, Jesús Puelles from Bodegas Puelles in Ábalos (Annexe 1) and a

representative of a medium-sized winery, Isaac Muga from Bodegas Muga in Haro (Annexe 2). Moreover, a standard questionnaire (Annexe 3) targeting the importance of various country aspects on the export process was sent by e-mail to more than 500 wineries. It is relevant to mention that all surveyed wineries belong to Rioja's Qualified Designation of Origin (DOC), which is the Spanish most antique DO being officially recognized on June 6th, 1925 (Arimany-Serrat, Farreras & Rabaseda I Tarrés, 2016). Besides, the categorization as DOC reflects "a special recognition given to regions with a proven track of consistent quality" (NSIE, 2017). There are only two wine regions with this status in Spain, and Rioja is one of them.

Most factors included in the questionnaire coincide with those selected by previous researchers, at least during the screening stage. For the selection phase, where more product-specific factors are contemplated, the variables selected by Williamson, Kshetri, Heijwegen, & Schiopu (2010) have been adjusted to the wine sector in addition to the incorporation of new factors mentioned by the interviewees. For instance, Jesús Puelles as manager of a small winery, owning only 6 hectare of vineyard, revealed how excessive bureaucracy has impeded him to export to some countries such as Peru and Ecuador. As a result, a certain level at "Ease of doing business" variable has been included in the screening section as a minimum requirement of a market's attractiveness.

Considered variables can be classified in diverse groups depending on the market's aspect evaluated. For purpose of this project's analysis, a complete scheme of the final categorization of studied aspects is granted on Table 1. The provided information summarizes the not only the grouping distribution of the variables but also whether precedent researcher employ a similar categorization, the data source and the time frame employed for each factors.

At the screening process a certain threshold is fixed for each variable and, consequently, absolute figures are useful for ruling out unattractive countries. However, in the selection phase growth rates are contemplated since the desired information is the factor evolution over a ten-year period, rather than the specific value of a concrete year.

In order to make things as clear as possible for the methodology description, it is important to highlight that both exports and imports are defined taking into account the perspective of the potential new markets for Spanish wineries; and not the national point of view. Therefore, for example, wine exports are a measure of competition because they reflect the amount of wine the potential market sells abroad. Moreover, the export and import figures have been obtained

from HS-based data (Harmonized System Codes), selecting the four-digit level, in line with the advice of researchers such as Green & Allaway (1985), Green & Larsen (1986), and Gillespie & Alden (1989). The targeted sector is wine production which corresponds to code 2240 "Wine of fresh grapes (including fortified wine); grape must in fermentation or with fermentation arrested".

Table 1: Classification of Variables. Source: Self-Elaboration.

DIMENSION	VARIABLE	REFERENCE	SOURCE	YEAR
MARKET SIZE	Gross Domestic Profit (GDP)	Douglas & Craig 1982, Cavusgil 1997, Robertson & Wood 2001, Sakarya Eckman & Hyllegard 2007, Malhotra, Sivakumar & Zhu 2009.	World Bank	2015/ 2004-2014
	Population	Samli 1988, Cavusgil, Kiyak & Yeniyurt 2004, Alon 2007, Sakarya Eckman & Hyllegard 2007.	World Bank	2015/ 2004-2014
MARKET DEVELOPMENT	Human Development Index (HDI)		United Nations (UN)	2015/ 2004-2014
	Internet Users	Cavusgil, Kiyak, Yeniyurt 2004, Mullen & Sheng 2007	World Bank	2015/ 2004-2014
	Gross Domestic Profit per capita, Purchasing Power Parity (GDP pc, PPP)	Douglas & Craig 1982, Cavusgil 1997, Robertson & Wood 2001, Sakarya Eckman & Hyllegard 2007, Malhotra, Sivakumar & Zhu 2009.	World Bank	2015/ 2004-2014
MARKET ACCESIBILITY & STABILITY	Tariffs	Wood & Goolsby 1987, Kumar, Stam & Joachimsthaler 1994, Wood & Robertson 2000, Koch 2001, Robertson & Wood 2001, Williamson, Kshetri, Heijwegen & Schiopu 2006.	World Trade Organization (WTO)	2004-2014
	Country Risk	Mariñelarena 2016	COFACE	2017
	Ease of Doing Business	Mariñelarena 2016	World Bank	2015
CULTURAL FACTORS	Muslim Population		Association of Religion Data Archives	2004-2014

DEMAND	Wine Imports	Green & Allaway 1985, Wood & Goolsby 1987, Kumar, Stam & Joachimsthaler 1994, Wood & Robertson 2000, Robertson & Wood 2001, Williamson, Kshetri, Heijwegen & Schiopu 2006.	United Nations COMTRADE	2004-2014
	% Spanish Wine Imports over Total Wine Imports		United Nations COMTRADE	2004-2014
	Wine Consumption Per Capita	Robertson & Wood 2001.	The Wine Institute	2004-2014
COMPETITION	Wine Exports	Wood & Goolsby 1987, Koh, Chow & Smittivate 1993, Evirgen, Bodur & Cavusgil, 1993, Kumar, Stam & Joachimsthaler 1994, Wood & Robertson 2000, Mohamed, Ahmed & Honeycutt 2001, Robertson & Wood 2001, Williamson, Kshetri, Heijwegen & Schiopu 2006.	United Nations COMTRADE	2004-2014

3. METHODOLOGY

The methodology employed for the application of the Shift-Share approach to IMS literature is detailed in the following subsections. First of all, a further description of the sample is provided so as to complement the analysis framework. Then, the conducted field research is explained in order to understand the additional data resources. Finally, the technique applied to analyze the available information is illustrated.

3.1 Sample Description

Spanish wine industry in general, and the Qualified Designation of Origin (DOC) Rioja in particular, are completely integrated in the increasingly competitive international scenario due to their perceived prestige (Fernández Olmos, 2011). Spain is the third largest wine producer, after France and Italy (Unwin, 1991; Pinilla & Serrano, 2008), with over one million acres of

land fully dedicated to grapes cultivation. In fact, these three countries, known as Old World producers, together represented the main export and consumption conglomerate possessing a dominant position in the world entourage (Castillo Valero & Rodríguez Avendaño, 2009). Moreover, Spain was the biggest world exporter with a global market share of 23% in 2015 (Organisation Internationale de la Vigne et du Vin (OIV), 2016).

Two key events threaten the prestigious position of Old World countries in the global wine industry. On the one hand, the increased wine production that New World countries such as China, New Zealand, Chile, Argentina, South Africa and the United States experienced since 1980s, lately followed by Northern European and Asian countries (Anderson, 2004). On the other hand, the changes in consumption patterns with the fall of wine behind beer and soft drinks as most consumed beverage.

Nevertheless, those challenges have not considerably affected Spanish wines' predominant market presence over the years on account of (Martínez-Carrión & Medina-Albaladejo, 2010): the widespread of marketing campaigns such as the creation of "Wines of Spain" by the Spanish Institute of Foreign Trade (ICEX); business concentration and networking (Welch & Welch, 1996; Welch, Welch, Young, & Wilkinson, 1998) like Grupo Rioja which eases the internationalization process of Rioja's Qualified Denomination of Origin (DOC) wineries; and the constitution of numerous regional Designations of Origin (DO) (Annexe 5).

Despite business inter-relations tendency, one of the major weaknesses of the Spanish wine exporting sector is its restrained international capacity imposed by the restrictive size of most of its companies (Millán & Yagüe, 1997). As an illustration, for Bodegas Muga, limitations were related to production constraints due to scarcity of cultivated land; whereas for Bodegas Puelles, the greatest shortcoming was the lack of personnel and resources uniquely devoted to exports strategy.

Nowadays, the Spanish wine industry is characterized by the predominance of small family-run businesses which lack commercial structures, such as Bodegas Puelles. Although, globalization, rapid technology, product or service life cycle changes and industry consolidation impacted greatly small businesses (Ward 1997); there is still room for the increasing widespread of knowledge and resources, the development of promotional and marketing activities, and the application of systematic IMS procedures.

3.2 Field Research

Prior empirical research on strategic behavior of wine producers focused on the creation of inter-organizational networks (Brown & Butler, 1995; Fuentes, Vallejo, & Fernández, 2011; Dalmoro, 2012; Francioni, Vissak, & Musso, 2016), determinants of internationalizing (Castillo Valero & Rodríguez Avendaño, 2009; Maurel, 2009; Fernández Olmos, 2011), competitive strategies of wine businesses (Gilinsky, Stanny, McCline, & Eyler, 2001; Sainz Ochoa, 2002), and export strategies of wine producers (Suárez-Ortega, 2003). However, there are no previous studies targeting the application of IMS models to the wine industry. Therefore, in order to shape an overall structure for the data analysis and to establish a meaningful weights' distribution for each selected criteria, field research was employed together with the knowledge acquired from existing literature about the Viticulture sector.

To begin with, as previously cited, a serie of interviews were conducted, one to a small company, Bodegas Puelles; and the other one to a medium-sized winery, Bodegas Muga. Although both enterprises exhibit a successful export experience, the predominance of resources and internationalization infrastructure of the second one clearly influence the perspective discrepancies regarding exporting. For instance, whereas, Jesús Puelles exposed numerous times how difficult and costly it was for him to coordinate wine production with the pursuit of new potential markets due to lack of money, knowledge and personnel; Isaac Muga, with a whole export department of its own, did not share the bureaucratic and economic challenges encountered by the first one.

Additionally, a standard questionnaire was prepared summarizing the information gathered from other industries' IMS applications, beforehand quoted wine industry research papers, and the personal experience of the interviewed businessmen. The result of this combination was a ten-variable document: GDP, GDP per capita (PPP), Population, Wine Imports, Percentage of Spanish Imports over Total Imports, Wine Exports, Internet Users, Wine Consumption per Capita, Tariffs, and Muslim Population (Annexe 3). This report was sent along with a task description and an introductory letter to almost five hundred different small and medium sized wineries from Rioja's Qualified Designation of Origin (DOC). In this research paper, SMEs can be defined as "micro, small and medium-sized enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million" (EU Commission, 2015).

The e-mail addresses of the surveyed companies were facilitated by this region's Regulatory Council in April, 2017. Moreover, family and friends also contributed to the widespread of these questionnaires. Recipients were asked to distribute a total of one hundred points to the already defined factors according to the perceived importance of each variable. Moreover, there were various empty spaces in case surveyed respondents wanted to add any relevant unforeseen aspect.

From the twenty-five received responses, a statistical analysis was performed. In fact, the mean of each winery's perspective was carried out so as to obtain the weight of each individual variable. It is interesting to comment that the tendency present in the questionnaire results matches the comments made by the two interviees, exhibiting a predominant relevance of product-specific factors such as Exports, Imports and Consumption; over more general ones like GDP, Muslim Proportion and Population; for example.

3.3 Operationalization & Variables Measurement

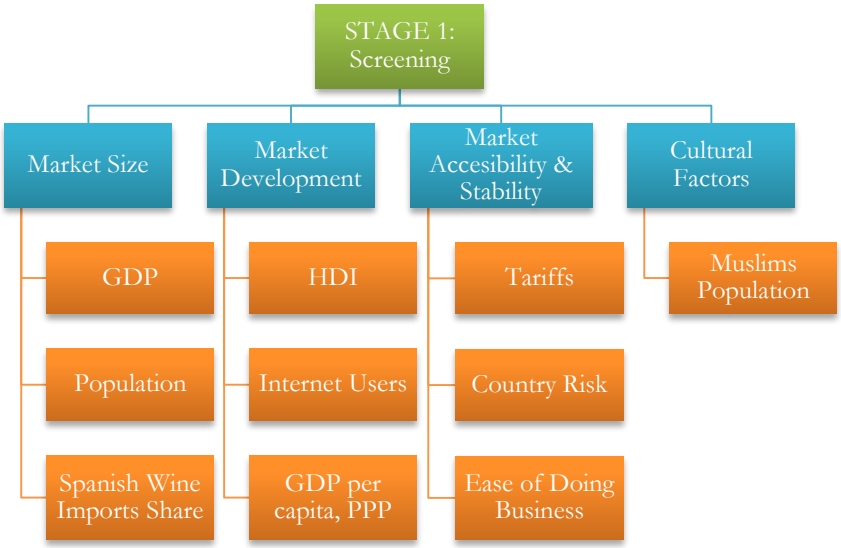
So as to provide a comprehensive description of the performed technique, the required computations in addition to selected variables are specified for each stage following the pre-established order: first, screening; and then, selection.

3.3.1 Stage 1: Screening

On this preliminary filter, known as screening phase, ten different variables classified in four diverse categories are included (Figure 1). The provided scheme has been nourished from, not only precedent studies targeting both wine industry and IMS literature; but also thanks to the data gathered from conducted field research.

The use of market size and economic development are strongly supported by previous IMS literature during both the initial screening phase as benchmark factors for a preliminary sifting (Litvak & Banting, 1973; Young, Hamill, Wheeler, & Davies, 1989; Ball & McCulloch, 1993; Papadopoulos & Jansen, 1994) and the selection stage for finding new market opportunities (Douglas & Craig, 1983; Russow & Okoroafo, 1996).

Figure 1: Variables' Classification in Stage 1: Screening. Source: Self-Elaboration



Market size has traditionally been measured as a function of Gross Domestic Profit (GDP) and Population. Regarding those variables are strongly supported as adequate indicators for estimating market size, the same factors are also considered for the wine industry. However, for purpose of this analysis, an additional industry-specific variable, Spanish Wine Imports Proportion over Total Wine Imports is included. It is interesting for Spanish wineries to apprehend a country's market size by employing this extra factor as a measure of market share.

Despite the sizeable correlation hold by GDP and Population with one another, both are expected to positively result in higher market potential for most products (Gaston-Breton & Martín Martín, 2011). Besides, they capture different aspects of a country's market size. Whereas GDP focuses on the economic evolution; population targets consumer's niche.

Inasmuch as a nation's dimensions are already determined, quality becomes the next analysis objective. Market development constitutes a measure of the progression of a certain country's human capital, infrastructures and economy. Those factors compromise useful information for measuring a market's export attractiveness, since they tackle three of the most relevant indicators of a society's progress.

Previous literature enhanced the use of employment rates and per capita income as variables explaining market development. This study, however, has preferred to keep GDP per capita but disregard occupation figures, on behalf of not only the expected prominent correlation between labor, GDP and population; but also its modest impact in the wine industry.

GDP per capita already tackles one of the main previously mentioned factors, the economy evolution; in order to incorporate the other two, additional variables are added: Human Development Index (HDI) for human capital, and Internet Users as infrastructure.

In terms of economic values, GDP per capita constitutes a sign of individuals' purchasing power. Regarding the huge differences in price levels and wages across countries and on behalf of a more comprehensive market selection, rent values have been adjusted following the purchasing power parity (PPP).

With regard to human capital, HDI exhibits the average achievement of human development in three key aspects: living a long and healthy life, being knowledgeable and having a decent standard of living (UN Development Programme). In other words, this variable estimates a country' population access to education, health and a minimum threshold of amenities.

Finally, concerning infrastructures, Internet Users is included as an indicator of communications progress which, considering the main role of technology on the incipient globalization, it is a valuable factor for measuring the advancement of a certain potential market (Cavusgil, Kiyak, & Yeniyurt, 2004; Mullen & Sheng, 2007).

Once, both market size and development have been targeted, the subsequent step is to measure the difficulty in accessing a certain market and its stability. In other words, trade barriers inherent to a specific country when exporting from Spain. Logically, the variables included in this category reflect three key exporting constraints: costs, legal and economic safety conditions, and ease of building business relationships.

To begin with, due to lack of resources and time constraints most SMEs start their internationalization process by exporting to neighbor countries. Considering Spain which, as a European Economic Community member, belongs to the Common Market, the initial export tendency towards close nations is reinforced by the low transportation costs and the lack of tariffs. For trading with countries that do not pertain to such a special trade union, Tariffs suppose a sizeable barrier because they raise final good's price (Robertson & Wood, 2001; Williamson, Kshetri, Heijwegen & Schiopu, 2006). Nevertheless, as Jesús Puelles exposed, the free circulation of goods in the Communitarian European market is not completely liberated due to the categorization of wine as a good under "suspensive arrangement" by EU law. This agreement while trying to reinforce the "charge on destination" principle through the

implementation of extra bureaucratic paperwork, results in the difficulty of intra-European trade (Annexe 2).

Regarding the safety entourage, Country Risk is considered as a markets' legal and economic assessment drawn up on the basis of macroeconomic, financial and political data (Robertson & Wood, 2001). As it is described on COFACE's website "country risk provides an estimate of the average credit risk on a country's businesses which is an invaluable tool, giving an indication of a country's potential influence on businesses' financial commitments". This information is quite important while bargaining or engaging in commercial relationships with other countries because it directly affects specific contract features like: agreement length or methods of payment.

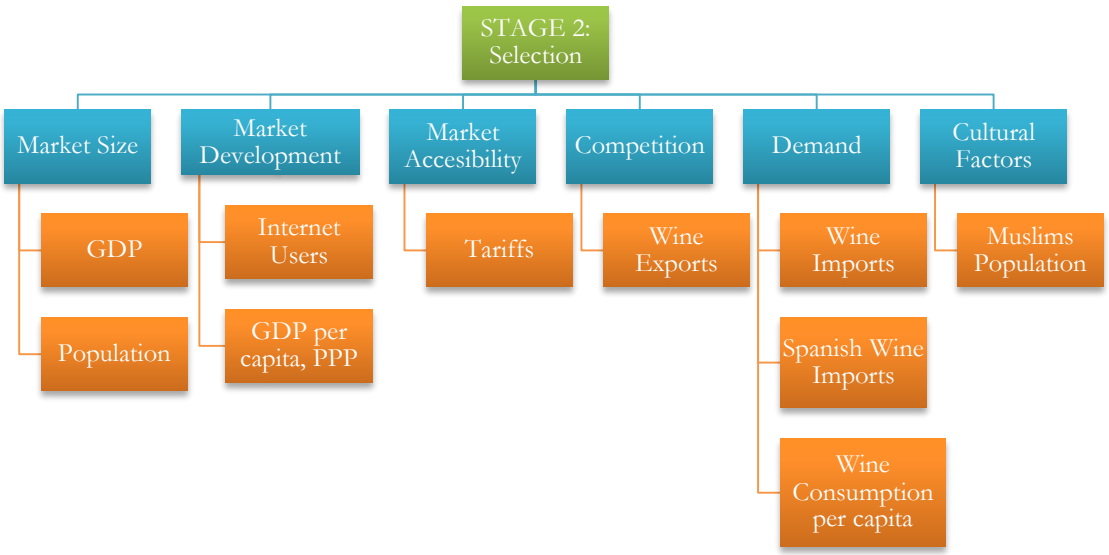
Another variable measuring business climate is "Ease of doing business" which ranks countries by their business-friendly regulations. Precisely, this indicator takes into account essential factors such as: taxes payment, contracts enforcement, insolvency resolutions or access to credit, among others. The lower the number, the easier it is to engage in trading relationships in the country of destination.

Lastly, it is necessary to take into account culture regarding the sizeable impact this parameter has in almost every single aspect of a society's behavior. In particular, due to its direct effect on business relationships. Most researchers consider consumer values as measured by Hoffstede's or Inglehart's frameworks, for analyzing cultural differences among countries. However, on behalf of this project's targeted sector, wine production and commercialization, religion has been chosen as a preferable variable. Precisely, the proportion of Muslim inhabitants in a particular country considering the various food prohibitions this faith encounters, being one of them alcohol consumption.

3.3.2 Stage 2: Selection

For the selection stage, there are six categories and, once more, ten variables (Figure 2). It is important to recall that all values at this second phase are computed according to the Shift-Share mathematical formulation. In order to homogenize the results, the same ten-year frame has been disposed for all variables (2004-2014).

Figure 2: Variables' Classification in Stage 2: Selection. Source: Self-Elaboration



As commented before, some of the factors explained on the preliminary stage appear again in the selection phase. Nevertheless, for these common variables both the time-frame and the purpose of the obtained values differ. At this point of the analysis, for example, tendency and evolution over time of a determined aspect are preferable over absolute values, regarding a minimum level of attractiveness was already obtained through the initial screening phase.

There are as well certain product-specific categories and variables which come forward on the proposed analysis for the first time. These factors incorporate necessary aspects such as: competition and demand; which need to be taking into consideration for covering all relevant features that shape a market's attractiveness perception.

With regard to competition, Wine Exports of the country of destination are included to analyze the influence of national wine producers with which the exporting Spanish companies may need to compete (Green & Allaway, 1985; Shi, Zhang, Yang, & Zhou, 2008). If a certain market exports a sizeable percentage of wine, and even more, if its export tendency has increased over time; that potential market may not be the most attractive one to export to.

Considering demand, three new variables are added: Wine Imports, Proportion of Spanish Wine Imports over Total Wine Imports; and Wine Consumption per Capita. These factors tackle three key aspects of a country's market characteristics: consumers' interest in wine, Spanish wine presence, and consumption habits, respectively.

As an overview of the countries' wine foreign demand and, precisely, the evolution of this product's requests in a specific market, Wine Imports progress is contemplated. The more positive the growth rate of wine imports is, the higher the speed at which wine demand increases, and hence, the more attractive a certain market will be perceived.

Regarding there is a massive number of countries selling and producing wine nowadays, it is interesting to have a more in-depth look at the Spanish presence in a particular market. To incorporate such a specific analysis, Spanish Wine Imports Proportion over total Wine Imports has been added to the proposed methodology. This variable also constitutes a great indicator of the evolution of the perceived quality reputation of Spanish wines internationally.

It may be noticed that the Spanish Wine Proportion over Total Wine Imports was already included in the selection phase as a market size factor. Nevertheless, for this second stage its classification has changed to demand on behalf of the stronger relationship of such a parameter with consumption rather than macro-level variables.

The interpretation of this last factor may not be that intuitive. A sizeable proportion of Spanish Wine over Total Wine Imports can reflect a favorable perception of Spanish wine in that market. However, considering it may be seen as a market share indicator, it can also mean that there are already too many Spanish sellers and, as a result, it will be more difficult to find a company's own niche to serve.

Finally, to account for consumption habits, Wine Consumption per Capita has been included. The greater the perceptual increase of per capita consumption over time, the more abundant the demand and therefore the higher the probability of selling wine. During his interview, Jesús Puelles exposed that, wine consumption does not suffer much due to crises downturns because, no matter what, people always drink wine somewhere. For instance, nowadays traditionally wine drinkers, mainly Latin countries, have decreased their consumption rates. However, at the same time, Northern European nations have increased theirs. In conclusion, there is certain compensation effect.

3.4 Data Analysis Technique

The presented technique is composed by a two-stage process. Firstly, a screening phase is performed in order to get a list of countries with a required attractiveness level. For this

purpose, a certain minimum or maximum is attributed to each variable and only countries which satisfy the presented threshold remain as part of the analysis. The selection of a particular frontier is determined by the analysis of maximum, minimum, mean and median of a certain factor (Table 2). The order of rule out is determined by importance: GDP, Population, GDP pc. PPP, Tariffs, Internet Users, HDI, Muslim Population, Spanish Wine Proportion over Total Wine Imports, Country Risk, and Ease of Doing Business.

Table 2: Variables' Thresholds. Source: Self-Elaboration.

VARIABLE	MAX/MIN	THRESHOLD
GDP	MIN	$10,000,000
Population	MIN	1,000,000 inhabitants
GDP per capita PPP	MIN	$4,000/person
Tariffs	MAX	10%
Internet Users	MIN	40%
HDI	MIN	0.500 points
Muslim Population	MAX	20%
Proportion of Spanish Wine Import Over Total Wine Imports	MAX	5%
Country Risk	MAX	A4
Ease of Doing Business	MAX	70 points

After the subsequent application of the various thresholds, the resulting countries' set was reduced from originally 198 markets to 29. That is to say, through this straightforward phase, by sequentially deleting countries on pursuit of a minimum attractiveness level, it was possible to diminish the total number of potential markets by more than 85% (Table 3).

Table 3: Targeted Countries after the preliminary screening. Source: Self-Elaboration

TARGETED COUNTRIES				
Romania	Colombia	Lithuania	Peru	Norway
Slovak Republic	Czech Republic	Estonia	Chile	Poland
France	South Korea	Switzerland	Canada	Portugal
Slovenia	Belgium	Latvia	Austria	Ireland
Sweden	Netherlands	Finland	Germany	Italy
Denmark	Japan	United States	United Kingdom	

The performed clearance process reinforces the accuracy of further analysis, conducted during the second step, since the lower the number of countries to deeply investigate, the more complete the result will be.

The selection stage requires, on the contrary, additional in-depth examination. Initially, the Shift-Share calculations are performed until percentage net shift for all variables is computed. Regarding the contemplated factors proceed from different sources and employ diverse scales, it is necessary to standardize the resulting values [7] in order to ease its comparison by homogenizing all variables' units. Many researchers have also noted the importance of standardizing factors for multivariate analysis so as to avoid artificial weighting (Gower, 1985; Johnson & Wichern, 1992; Everitt, 1993).

[7] $$Standardized\ Value = \frac{Original\ Value - Mean}{Standard\ Deviation}$$

Considering each variable's variance intervenes in the analysis and, hence, those factors with a higher variance will enjoy certain advantage, all values are normalized [8] on a range 0-100. This mathematical procedure allows for the centering and reduction of variables. For this purpose, the range and minimum values for each variable are required.

[8] $$Normalized\ Value = 99 * \left(\frac{Standardized\ Value - Minimum}{Range}\right) + 1$$

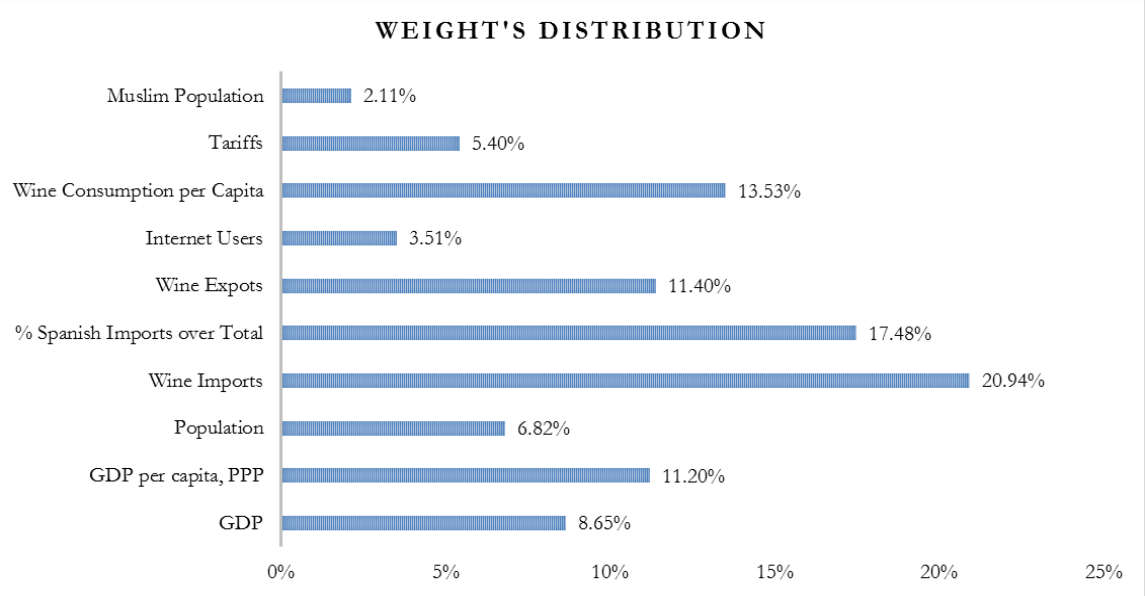
The last step involves weights distribution for each variable in order to obtain the desired ranking. As a matter of fact, while numerous authors recommend that users assign importance ratios to the selected criteria (Root, 1994), none provide a description of how to accomplish this task. Therefore, in this project, each variable's relevance has been attributed following the information gathered through the prepared questionnaires.

The statistical analysis of the conducted field research supports the information provided by the interviewees. Once a preliminary screening has been performed, the product-specific variables acquire much more importance than macroeconomic variables. In fact, as it can be extracted obtained results summarized on Graph 1, the higher weights are attributed to Wine Imports, Wine Exports, and Wine Consumption per Capita.

After all computations have been performed, the attractiveness ranking [9] is computed as the sum product of values of market "i" for each variable (V) times prefixed weights (W). Mathematically, the expression appears as:

[9] $$Rank\ Value = \sum_{i=1}^{i} W_i * V_i$$

Graph 1: Statistical Analysis of Questionnaires - Weighting. Source: Self-Elaboration.



Nevertheless, not all variables have the same impact on easing the internationalization process. Particularly, Muslim Population, Tariffs and Wine Exports result in a counteractive effect on a certain market's attractiveness level; whereas the other factors hold a direct relationship with a country's potential. For this purpose, the rank value formula previously exposed has incorporated negative signs for keeping the established importance, percentage magnitude, as exposed on Graph 1; but introducing the adverse effect of unpropitious parameters.

As a result of this additional consideration, the complete equation resulting in the final ranking value of a specific country appears as follows [10].

[10] $$Rank\ Value = -(0.0211) * Muslim\ Population - (0.0540) * Tariffs + 0.1353 * Wine\ Consumption + 0.0351 * Internet\ Users - (0.1040) * Wine\ Exports + .1748 * \%Spanish\ Imports + 0.2094 * Wine\ Imports + 0.0682 * Population + 0.1120 * GDPpc, PPP + 0.0865 * GDP$$

After all computations have been performed, a ranking of countries by their relative attractiveness for Spanish wine producers is obtained. That is to say, the resulting ordered list may contribute to ease of IMS decision making for SMEs in the wine industry since it is a straightforward and visual manner of initially targeting countries with high potential and differentiating them from those which do not.

4. FINDINGS & DISCUSSION

Before proceeding to exhaustively examine the obtained classification, it is noteworthy to expose two key implications of the proposed methodology. On the one hand, the existence of a certain symmetry between size and the sensitivity to growth. That is to say, considering the sizeable numbers hold by big-sized countries in the initial period, it is logical to apprehend the relatively stable presence of lower growth rates as a result of Shift-Share calculations. In order to show considerable variations, they will need to experiment extraordinary increments.

On the other hand, with regard to the characterization of the wine industry as mature and saturated, it is interesting for already exporting companies, to identify markets with considerable growth numbers but reduced competition. Consequently, countries beforehand perceived as less attractive, may constitute an amazing opportunity by virtue of their accessible market entry and low rivalry.

Moving back to the discussion of findings, once all required computations have been performed, a countries' attractiveness ranking is obtained. The procured ordered list is the final outcome of the previously defined methodology, which is strongly influenced by selected variables and established weights. It is relevant to clarify that any small variation on the presented model may result in a different conclusion.

The attained export markets' enumeration by potential level is summarized on Table 4. In order to avoid disregarding any relevant detail, the outcomes' description starts with an overall analysis followed by a more in-detail assessment. To begin with, ranking positions are discussed. At the top of the table, in decreasing order of attractiveness, Romania, Norway and Colombia are placed. Regarding final values were normalized on a 0-100 scale, it is curious to apprehend the extraordinary gap between the first and the second position, which adds up to almost 15 points. On the contrary, among those located at the bottom, countries such as the

United Kingdom, traditionally perceived as potential wine export market for Spanish wineries; and the United States, characterized by its considerable market size, can be found.

The presented suggestions do not recommend to replicate the current export strategy performed by both interviewed wineries. Nowadays, most companies sale their products to countries where there is already an established Spanish presence. In other words, while exporting enterprises focus on other company's suggestions or their intuition from other wineries' experience. Actually, few are the ones who pursuit the identification of new potential markets.

By way of illustration both interviewes share similar export strategies with certain discrepancies due to the differences in resources endowments devoted to internationalization. On the one hand, Isaac Muga appointed that, at the moment, in spite of its wine's presence in more than sixty countries, the United States was by far the strongest market to which they devote their internationalization efforts. On the other hand, both interviewes highlighted France, United Kingdom, Austria and Germany as key export markets due to, first of all, its close distance easing the export procedure and, secondly, its long-lasting wine tradition which directly impacts consumption patterns.

As a result of the similarity in internationalization decisions conducted by numerous wineries, there are considerable saturated and fiercely competitive markets. Considering the market access difficulty in addition to the challenges faced by SMEs in their export process, this project provides a serie of recommendations which prioritize less popular countries with strong potential over more . Moreover, bearing in mind the presence of low growth rates for big-sized countries and the influence of markets' saturation and rivalry level, it is logical to at the bottom of the attained ranking

So as to clearly understand the present dissonances between the obtained outcomes and the commonly shared current strategy, two key aspects need to be considered. Firstly, impact differences of selected variables on a specific market's attractiveness, being this effect either positive (ex. GDP) or negative (ex. Wine Exports); and secondly, weight's distribution among targeted factors, describing their influence intensity on the global ranking value. The main function of the selected red and green cell filling format present in Table 4 is simply the accentuation of best and worst TOP 3 results for each variable. The principle explaining the color distribution pattern is: more favorable outcomes in green, more adverse ones in red.

Table 4. Ranking Results. Source: Self-Elaboration.

COUNTRIES	GDP	GDPpc, PPP	Population	Wine Consumption Per Capita	Wine Imports	Wine Exports	Spanish Wine /Total Imports	Internet Users	Tariffs	Muslim Population	RANKING
Romania	0.42%	2.03%	-1.81%	-0.99%	0.59%	-0.47%	5.57%	0.65%	0.00%	0.05%	100.00
Norway	0.18%	1.46%	-0.02%	0.85%	-0.60%	-0.06%	2.78%	-0.15%	0.08%	0.18%	85.77
Colombia	1.12%	0.64%	-0.18%	0.03%	0.47%	0.00%	-0.04%	1.17%	-1.13%	0.00%	81.88
Lithuania	0.05%	2.49%	-0.37%	-1.62%	3.80%	4.65%	1.50%	-0.24%	0.00%	0.01%	81.85
Slovak Republic	-0.01%	1.95%	-0.27%	1.07%	1.28%	0.23%	0.53%	-0.79%	0.00%	0.00%	78.41
Peru	0.54%	0.86%	0.08%	0.05%	0.26%	0.01%	-1.04%	0.19%	-1.34%	0.00%	77.09
Czech Republic	-0.03%	0.78%	-0.42%	3.35%	1.07%	0.70%	0.56%	-0.37%	0.00%	-0.01%	76.59
France	-6.24%	-0.27%	-1.81%	-6.79%	-3.18%	-38.53%	4.10%	-0.57%	0.00%	-0.48%	73.91
Estonia	0.03%	2.11%	-0.09%	-2.05%	0.60%	0.25%	0.73%	-0.62%	0.00%	0.01%	73.78
Korea, Rep.	0.31%	0.36%	-1.60%	0.10%	1.32%	0.01%	1.29%	-0.48%	-0.54%	0.00%	72.17
Poland	0.59%	1.77%	-2.14%	-0.47%	1.48%	0.20%	0.68%	-0.59%	0.00%	0.00%	71.46
Chile	0.52%	1.54%	-0.08%	-0.40%	0.11%	8.35%	-1.55%	-0.38%	-1.05%	0.00%	68.70
Switzerland	0.01%	1.55%	-0.06%	-2.18%	-1.95%	0.46%	0.38%	-0.50%	0.00%	-0.06%	66.63
Canada	-0.27%	-0.72%	-0.24%	0.62%	6.33%	0.82%	0.63%	-0.51%	-0.25%	-0.02%	66.10
Portugal	-0.71%	-0.38%	-0.60%	-3.18%	0.21%	-4.19%	2.41%	-0.59%	0.00%	0.15%	62.06
Slovenia	-0.08%	-0.30%	-0.08%	2.96%	0.15%	0.09%	-0.57%	-1.12%	0.00%	0.19%	59.79
Belgium	-0.85%	-0.21%	-0.22%	-1.93%	-6.14%	-0.07%	2.58%	-0.59%	0.00%	0.60%	59.31
Austria	-0.63%	0.29%	-0.29%	-1.28%	-0.68%	0.28%	-0.13%	-0.75%	0.00%	0.16%	56.09
Sweden	-0.70%	-0.24%	-0.19%	3.21%	2.50%	-0.67%	-1.99%	-0.30%	0.00%	1.07%	55.62
Latvia	0.04%	1.71%	-0.24%	-1.01%	0.86%	1.77%	-3.18%	-0.82%	0.00%	0.00%	53.17
Ireland	-0.59%	-0.86%	0.01%	-3.43%	-2.94%	0.05%	1.21%	-0.51%	0.00%	-0.05%	50.21
Netherlands	-1.84%	-0.26%	-0.64%	-1.64%	1.05%	4.15%	-0.61%	-0.27%	0.00%	0.23%	48.38
Finland	-0.52%	-0.63%	-0.19%	-2.03%	0.14%	0.35%	-1.01%	-0.30%	0.00%	0.01%	46.84
Germany	-7.55%	0.69%	-5.12%	-0.82%	-7.30%	6.07%	-0.09%	-0.55%	0.00%	0.46%	36.54
Italy	-6.95%	-1.37%	-1.82%	-7.37%	-2.13%	12.70%	2.67%	-0.84%	0.00%	-0.26%	29.58
Denmark	-0.67%	0.13%	-0.19%	-10.60%	-2.38%	0.15%	-1.26%	-0.16%	0.00%	0.20%	29.15
United States	-29.56%	-1.21%	-4.90%	0.16%	-7.09%	3.60%	3.32%	-1.07%	0.11%	0.00%	27.71
Japan	-24.58%	-0.89%	-7.20%	0.16%	-2.33%	-0.04%	1.24%	-0.43%	0.06%	0.00%	26.42
United Kingdom	-8.29%	-1.01%	-1.31%	0.45%	-60.97%	8.01%	0.90%	-0.33%	0.00%	0.29%	1.00
WEIGHTS	**8.56%**	**11.08%**	**6.75%**	**13.39%**	**20.73%**	**11.28%**	**17.30%**	**3.47%**	**5.35%**	**2.09%**	**100.00%**

It is important to highlight that there is not a direct relationship between an outcomes sign and the selected color. That is to say, neither are all positive values considered as propitious, nor are negative ones as unfavorable. More than simply having a quick look at obtained growth rates, it is necessary to contemplate the specific variable subject of analysis for determining the relationship between this factor and a market's attractiveness. In other words, whether their directly or indirectly related. Bear in mind, that the exposed rates present in Table 4 are "percentage net shifts" results for each variable and country. Therefore, the pure interpretation is not as growth rate by itself, but how much or little such a figure has increase or decrease compared to the average growth rate of all countries for a specific factor in the selected period.

On the one hand, for those variables sustaining a positive relationship with a country's potential (GDP, GDP pc. PPP, Population, Wine Imports, Spanish Wine Imports Proportion, Wine Consumption pc., & Internet Users), the highest growth rates represent most propitious outcomes appearing consequently in green; and the lowest ones, considered as most unfavorable, in red. On the other hand, for those negatively related to a market's attractiveness (Wine Exports, Tariffs, & Muslim Population), the opposite happens. The highest percentage corresponds to the most adverse value and, as a result, colored in red; whereas the lowest regarded as most favorable, in green.

Regarding the overall colored distribution on Table 4, it is logical to apprehend that most propitious values, in green, are placed at the TOP of the table corresponding to those countries with the highest attractiveness value; whereas unfavorable, in red, are in sight at the bottom. Nevertheless, there are also certain cells which fall out of this generalized behavior. As a way of illustration, the United States' Imports of Spanish Wine relative to its Total Wine Imports, increased by 3.32% more than the average set of countries from 2004 to 2014, the third highest increment. Besides, in spite of the sizeable weight attributed to this variable being the second highest relevance factor with 17.30%, this country is placed at the 27th ranking position. However, regarding 6 out of 10 chosen variables for the United States' values belong to the most unfavorable TOP 3, that bottom location is not that surprising.

On the contrary, Norway holding the third position in the overall market attractiveness ranking, exhibits the second greatest growth rate compared to global Tariffs' variation. Nevertheless, the weight for this specific variable is quite low and the values for the rest of factors may not be in the best TOP 3 but close to them.

Moving back to real life trends and interviewed businessmen experiences, Table 4 also reveals significant outcomes explaining certain logical discrepancies of empirical outcomes with the resulting final ranking of most attractive markets to export. As previously mentioned, despite Isaac Muga highlighted the United States as one of the major countries to which Spanish wineries sale nowadays; following the recommendations provided by the obtained results, hardly any company will target such a country. In fact, exporters will focus on markets with fewer rivals and hence, more accessible entry.

The drawbacks present while exporting wine to the United States are: its sizeable decreasing values in GDP, GDP per capita, Population, and Wine Imports; and the relatively considerable increase in Tariffs. Regarding those findings, the American market grew during the targeted period, but less than the average economic and human growth of targeted countries. Moreover, it is more costly to export to the United States than to other nations and consumers are importing relatively less wine.

Secondly, the United Kingdom has experienced the greatest percentage fall of all targeted countries compared to the average growth rate with a value of -60.97%. In absolute values, whereas wine imports globally increase by 69% during this ten-year period, the English market experienced an overall reduction. However, it is important to highlight that, in spite of this detriment, Spanish Wine Imports, both in absolute terms and as a percentage, increase. The low ranking position of the United Kingdom is, therefore, explained by the sizeable detriment in wine imports which hold the greatest assigned weight, 20.73%; in addition to the lower experienced growth for GDP and GDP per capita and the higher increment in Wine Exports compared to the average figures of all considered markets for the specified variables.

Finally, as it was already exposed by both interviews and in previous research papers, most SMEs start their internationalization process by approaching neighbor countries. That is precisely the followed pattern by most Spanish wineries. Countries such as France, Austria, Germany or the United Kingdom, were initially targeted. In general, all European countries were quickly conquered by Spanish wines thanks to the favorable conditions present under the Communitarian Market regulation. In fact, as it can be seen on the results summary, some European countries are still considered as the most attractive markets to export. Precisely, in the TOP 5 of the established ranking, there are four European nations being the first one Romania and followed by Norway.

5. IMPLICATIONS, LIMITATIONS & FUTURE RESEARCH

5.1 Implications

The implications of such a methodological appliance encompasses numerous economic agents involved in the wine industry entourage, from future researches, to regional and state governments; numerous organizations, either public or private; wine regulatory councils and wineries.

With regard to future researchers, the proposed suggestions for solving two key limitations of the Shift-Share methodology may constitute a useful contribution for their contemporary studies. First of all, the lack of evaluation of the whole set of strategic or environmental dimensions of IMS and, secondly, the scarcity of considered variables. Both problems were respectively tackled with the incorporation of flexibility by including product-specific variables which can be extended to other industries applications; and the use of a two-stage analysis with an initial pre-screening phase and a subsequent selection stage.

The lack of adaptability exposed on precedent literature was also shared by, David de la Fuente, a representative from the export department of Bodegas Muga. While gathering additional information through the questionnaires, he pointed out that, in the wine industry, reputation and prestige matter a lot. Therefore, the design of a useful IMS model for wineries must be highly flexible and allow for the addition of subjective parameters.

Wineries must be ready to improvise in case any unexpected event arises, in spite of the suggestion of any contemplated systematic approach. Besides, some companies also export to small countries just to increase their presence internationally. As in any other industry, figures matter a lot. And regarding the strong influence reputation has in the wine industry, it is logical to understand that being able to advertise that a company exports to, for instance, fifty countries, no matter which markets they are, is an attractive slogan.

In order to clarify his argument, David explained a common situation for small wineries. "Imagine that a country may have been already deleted from the targeting list, but then an importer carrying really prestigious and high-quality wines from all around the globe appears. Taking into account this person's background, the sales representative may probably decide to work with him/her in that beforehand perceived as unattractive market. In spite of the specific

features which made this country unpropitious at first, there may be an incredible opportunity a small winery cannot miss".

Before finishing this project, some wineries already showed interest in the applied model. Precisely, Bodegas Cuna de Reyes in Nájera, suggested that, in case it was possible, they will be more than pleased to make use of first, the obtained results for their next internationalization move, and, subsequently, the applied methodology for future IMS assessments. Considering the early acceptance of the project outcomes and the optimistic perspective of surveyed enterprises, there might be sizeable implications in the widespread of the employ systematic methods and, consequently, in the efficiency of IMS for wineries.

The Shift-Share model offers numerous advantages for analyzing potential new expansion strategies and abundant benefits inherent to the application of such a systematic method. Consequently, it is expected that public policy makers, regional and state governments and either private or public organizations devote more efforts to the generalization in use of these procedures. Maybe, apart from providing information, monetary resources and assistance; it might be also helpful to create certain websites or bibliography sources where most recent material regarding IMS empirical applications could be easily accessible.

As a case in point and, bearing in mind my origins as citizen of La Rioja, I will, first of all, offer this empirical application of the Shift-Share model summarized in this research project to Rioja's Wine Regulatory Council and then, to every single Spanish winery which is interested in it. It will be a pleasure to contribute with my time and effort to the evolution and improvement of the internationalization process of small wineries. Moreover, this methodology will be publicly published in the Public University of Navarre website for students, citizens or future researchers, who want to learn either about IMS methods or the Spanish wine industry.

5.2 Limitations & Future Research

Despite the included improvements, there are still several technical limitations which open the doors for future research. Three key shortcomings of the adapted application exposed in this project are: the scarcity of information for selecting a final market, the need of managers to make the market entry decision prior to screening and the loss of year-to-year variation.

First of all, the model cannot give the underlying reasons explaining the present changes. It simply focuses on the description of the "spatially competitive state" (Shi, Zhang, Yang, & Zhou, 2007). In order to make it clear, further study and analysis should be needed. That is why, once the ranking has been calculated, it is interesting to take into account all TOP 10 markets and evaluate them separately by considering additional factors such as language, geographic distance or bilateral agreements, among others.

A second drawback of applying Green and Allaway's (1985) original technique is that it requires that managers make the market entry decision prior to screening, which in turn may lead to suboptimal assessment results (Papadopoulos, 1986). For the wine industry in particular, the export procedure is the most common mode of entry relying the required short distance between vineyards and wineries. Therefore, this shortcoming may not be that influent. Nevertheless, it is interesting to contemplate it for this model's extension to other industries whose internationalization procedure may be more variable.

Finally, as mentioned in the Shift-Share literature review, the static model considers the global variation of the period as a whole leaving aside the year-to-year variations. In order to provide a more comprehensive methodology, the same study can be performed by apply the dynamic model which takes into account the intra-year fluctuations. Apart from the previously mentioned future research gaps targeting mainly the technical limitations of the Shift-Share model applied to IMS, there are also some industry specificities which could be investigated.

The main focus of this study project has been the Spanish wine industry as a whole. However, as exposed in Annexe 5, there are 70 different Designations of Origin (DO) and 2 Qualified Designations of Origin (DOC). There are no two identical DOs. Each of them has its own particularities in grapes growing, wine production, processing, bottling, and commercializing. Then, it may be logical to apprehend they may all focus in different features while exporting. Consequently, the definition of specific Shift-Share models for each DO including the relevant factors determined by its inherent characteristics, may result in a more comprehensive and accurate methodology. That is to say, a potentially more successful internationalization process.

6. CONCLUSION

Spanish wineries have been already exporting for a long time. Hence, as a result of trial and error operating procedure, they have succeeded in finally targeting adequate foreign markets. The model applied throughout this project takes into consideration the current situation with the incorporation of variables such as Spanish Wine Imports Proportion over Total Wine Imports. It is, therefore, an updated methodology with a dual functionality.

First of all, it can be employed by already exporting wineries to target their next potential country. And secondly, it is a useful tool for starting companies to target attractive markets which are not too saturated and with sufficient market size and growth; but where, at the same time, Spanish wines are known and appreciated. These are some of the reasons why both growth rates and absolute values were incorporated in this analysis, so as to provide a more comprehensive model.

The proposed application present in this study, provides a comparison of the obtained results and reality which evaluates the current status of Spanish wineries internationalization process and, more accurately, gives a structured feedback for future expansion suggestions. In fact, it is really important for marketers, developers, and planners involved in strategy development to clearly understand the spatially competitive situation for the development of international Spanish Wine Sales. Moreover, it can be observed that the application of the Shift-Share model for IMS purposes is not only easy to reproduce, but also informative, adaptable and useful.

As it was mentioned before, the interest showed by some wineries to use this proposed methodology for their future IMS assessment, reflects the potential of such an application. Besides, it is an honor to be able to contribute with the development and expansion of SMEs of my region. From this project, I have extended my knowledge about both IMS systematic methods and the Spanish wine industry. In fact, the systematization described in the literature review can also be applied to other aspects of the academia and real life. As a way of illustration, I employed some of the learned criteria in the development of this Final Degree Project.

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9. ANNEXES

Annexe 1: Interview with Jesús Puelles (Bodegas Puelles).

Transcription of the most relevant fragments of the interview conducted with Jesús Puelles Manager and Executive Director of Bodegas Puelles on April 13th, 2017. Source: Self-Elaboration.

***Cristina*: ¿Cuál fue el primer país al que exportasteis? ¿Cómo lo hicisteis? ¿Teníais algún plan establecido?**

Jesús: Comenzamos a exportar a través de las visitas que nos venían de otros países, principalmente países cercanos y de la comunidad europea. Actualmente vendemos a Estados Unidos, Canadá, Méjico, China, Japón, Filipinas, Kenia. A través de importador yo diría que el primer país fue Alemania. Un gran empresario visitó nuestra bodega y se llevó consigo una gran cantidad de vino, para cuya legalidad de transacción, fue necesaria la colaboración de un importador. Carecíamos de un plan como tal.

***Cristina:* A parte de la venta directa, como ya me has comentado, ¿utilizáis algún otro canal de distribución como a través de importadores?**

Jesús: En Europa, lo principal es venta directa, aunque por motivos de regulación intracomunitaria también utilizamos importadores. El vino es un producto que está en régimen suspensivo, de modo que la venta entre particulares en cualquier parte de España por muy lejos que esté como Canarias o Andalucía es sencilla; pero a otros lugares que pudiesen estar más cerca pero pertenezcan a otro estado como Biarritz en Francia, requiere una serie de papeleo excesivo. Sin embargo, si lo comprase un importador de otro país no existe ningún problema. Este es el motivo por el que en Europa utilizamos importadores, que en realidad no nos harían falta si las leyes estuviesen redactadas de otra forma porque ellos son meros intermediarios, no distribuidores. En el caso de Alemania por ejemplo, lo único que hace la importadora con la que trabajamos es dar legalidad a los documentos, pero nada más. Normalmente las grandes bodegas venden todo a través de importador, no les hace falta entonces nadie mueve nada. Y como las pequeñas bodegas no nos unimos pues la situación ni cambia ni mejora porque no somos capaces de unir fuerzas para hacer presión. Es una pena

que tengamos un mercado intracomunitario donde haya libertad de compra y venta, pero de vino no.

***Cristina*: ¿Se ha visto afectada la evolución de las exportaciones por la crisis económica?**

Jesús: El vino, lo bueno que tiene, es que es un producto que se vende en todos lados. Esto quiere decir, que aunque haya crisis en un país, otro puede que esté en crecimiento; de modo que, las disminuciones en ventas de uno se compensan con las subidas del otro. Entonces el vino no ha sufrido tanto como otros productos.

***Cristina*: ¿Te planteas a corto plazo la búsqueda de nuevos mercados potenciales? ¿Cómo lo llevarías a cabo?**

Jesús: Sí, por supuesto. Siempre estamos abiertos a la venta en nuevos países. Si no tienes tiempo, lo que suelo hacer es ir a ferias o, en ocasiones, trae el consejo a una serie de potenciales compradores y pregunta a bodegas si están interesadas a que las visiten. Vino hay mucho y mucha competencia, de modo que es muy difícil vender.

***Cristina*. ¿Qué problemas te has encontrado a la hora de exportar?**

Jesús: En Hispanoamérica por ejemplo hay varios problemas. He tratado de importar dos veces a Perú y Ecuador y ha sido imposible porque exigen unas cosas, a mi modo de ver, excesivas. Por ejemplo, todos los documentos tienen que estar sellados por el Tribunal de la Haya. La corrupción además está presente en muchas partes del proceso. Por otro lado, en los países asiáticos también hay una serie de exigencias elevadas en cuanto a burocracia se refiere, pero son cosas que tienen mucho más sentido.

For more information, the complete transcription of this interview is available.

<u>Annexe 2:</u> Interview with Isaac Muga (Bodegas Muga).

Transcription of the most relevant fragments of the interview conducted with Isaac Muga Palacín, Production Director of Bodegas Muga on April 14th, 2017. The speech was conducted through the phone and in Spanish.

***Cristina*: En cuanto a la exportación, ¿cómo empezasteis a exportar? ¿Qué canales de distribución empleáis?**

Isaac: Nosotros debido al tipo de vino que hacemos, nos dirigimos principalmente a un canal HORECA (hostelería, restauración, cafetería). Prácticamente no trabajamos con centros comerciales o gran distribución porque consideramos que debido a nuestros precios y estilo de vino, este canal no encaja con nuestra estrategia porque no nos aporta prestigio. Además, hemos apostado siempre por un enfoque más personalizado. Nuestros comienzos fueron muy lentos, sobre todo en exportación. Los primeros mercados a los que nos dirigimos fueron los europeos, especialmente Austria y Alemania. Hoy en día estamos en 76 países y es un trabajo bastante peliagudo. Los primeros años de inicio nuestro punto de contacto fueron ferias internacionales en las que vas encontrando opciones debido a que, en aquel momento, no había tanto competencia y era más sencillo encontrar distribuidores. Hoy en día es mucho más complicado encontrar buenos canales de distribución que sigan tu filosofía y no perjudiquen a tu marca o a tu producto. <u>Nuestro mercado número 1 ahora es Estados Unidos. Y en general América tanto norte como sur, estamos trabajando mucho. En Europa también</u>, aunque hay países en los que se vende muy poco como Italia y Francia como es lógico debido a su condición de productores. En el resto de Europa vendemos muy bien. Debido a que tenemos toda la producción prácticamente vendida, en países de los continentes asiático y africano sí que hemos podido introducir nuestros productos en algunos mercados pero, claro está, en una menor medida que en el resto de países a los que exportamos.

***Cristina*: ¿Cómo os informáis de las ferias más relevantes del sector o cómo contactáis con importadores de otros países?**

Isaac: Las ferias en vino son sencillas de localizar. La primera feria que hubo fue en París, "Signal"; y supone la feria número uno del sector. Ésta derivó en la feria de Vinexpo en

Burdeos. Esta última ha decaído en los últimos años a nivel de relevancia y estrategia. Y ahora nosotros vamos a mercados como Alemania a la feria de Prowein en Hamburgo, la cual funciona muy bien.

El desarrollo de mercados de exportación ha sido más por la repercusión de calidad e imagen que hemos tenido en los últimos 20 años. Nos han venido a buscar, más que ir nosotros debido fundamentalmente a nuestra limitación de producción. Hemos conseguido calidades muy altas y reconocimientos a nivel internacional muy altos, pero a coste de una producción inferior. Hoy en día vivimos en un mundo global. En el mercado del vino, en cuanto tienes buenas puntuaciones PARKER o de periodistas, vas abriendo mercados, los mercados se van interesando en ti, y al final es el trabajo de mantener ese mercado, hacer catas, visitarlo… Nosotros gastamos mucho dinero en desplazarnos a los países a realizar nuestro trabajo de introducción del vino, presentar quienes somos, nuestra filosofía… Pero normalmente lo hacemos todo a través de importador.

Cristina: **En cuanto a la búsqueda de nuevos mercados potenciales, ¿habéis utilizado alguna vez un modelo más sistemático?**

Isaac: No. Pero nuestro caso es un caso un poco atípico porque siempre hemos tenido y seguimos teniendo la limitación de disponibilidad de vino. No hemos ido buscando nuevos mercados porque a veces ni siquiera podíamos satisfacer la demanda de los actuales. De hecho, en este año estamos con restricciones. Se ha informado con fecha de enero a nuestros clientes de la cantidad de vino de la que podían disponer y no tenemos más. Sí que hemos tenido la estrategia, de cuando sobraba vino disponer de unas cantidades pequeñas para abrir nuevos mercados (muy pequeños y latentes) que son los que nos han salvado un poco de la crisis. En el 2008, nosotros vendíamos un 70% en el mercado nacional y un 30% en exportación. Hoy en día, en 2017 estamos vendiendo un 55% en exportación y un 45% en el mercado nacional. Nosotros teníamos mercados en los que entregábamos una pequeña cantidad de vino, pero que tenían gran capacidad de absorber. En cuanto el mercado nacional nos ha fallado, se ha derivado esas ventas hacia los mercados latentes que teníamos ahí. Gracias a esto, hemos podido pasar la crisis en unas condiciones muy buenas.

Cristina: ¿Qué mercados tenéis en mira en caso de querer buscar nuevos mercados?

Isaac: Nosotros ahora mismo como mercado potencial, tenemos en mente los mercados asiáticos que tienen una capacidad de crecimiento muy grande. Más que entrada en nuevos mercados como tal, sería el desarrollo de nuestra humilde presencia en mercados como China, donde actualmente vendemos pero somos conscientes de que podríamos acaparar una mayor cuota de mercado. India por ejemplo es un país en el que todo el mundo del sector del alcohol, no sólo el vino, coincide en que va a ser la próxima China. Lo que pasa es que son mercados que necesitas una cantidad de vino grande. Tanto América como Europa están cubiertas, las únicas expectativas sería aumentar nuestra presencia. África es un continente muy complicado. De modo que Asia sería nuestro punto de mira fundamental.

For more information, the complete transcription of this interview is available.

Annexe 3: Self-Elaborated Questionnaire.

Most Relevant Variables Questionnaire sent it to wineries in order to get the needed information. The e-mail consisted on a brief introduction of the study, a description of how to fill the data and a table summarizing the contemplated variables.

CUESTIONARIO ASPECTOS RELEVANTES A LA HORA DE EXPORTAR VINO

Nº	VARIABLE	PUNTUACIÓN
1	PRODUCTO INTERIOR BRUTO	
2	RENTA MEDIA POR HABITANTE	
3	POBLACIÓN DEL PAÍS	
4	IMPORTACIONES DE VINO DEL PAÍS	
5	IMPORTACIONES DE VINO ESPAÑOL DEL PAÍS	
6	EXPORTACIONES DE VINO DEL PAÍS	
7	USUARIOS DE INTERNET	
8	CONSUMO DE VINO MEDIO POR HABITANTE	
9	ARANCELES	
10	PROPORCIÓN COMUNIDAD RELIGIOSA NO CONSUMIDORA DE VINO (MUSULMANA)	

Muchas gracias por su tiempo y su ayuda. Cristina Barrio

Annexe 4. Statistical Analysis of Questionnaire Responses.

Description of the specific values attributed by each respondent winery to each variable. It may be interesting to apprehend that the general trend is followed by most wineries, but, that there are also those which differ from the general rule.

WINERIES / VARIABLES	GDP	GDP per capita, PPP	Population	Wine Imports	% Spanish Imports over Total	Wine Expots	Internet Users	Wine Consumption per Capita	Tariffs	Muslim Population	TOTAL SUM
Bodegas Muga	2.00%	7.00%	6.00%	15.00%	15.00%	20.00%	5.00%	15.00%	12.00%	3.00%	100.00%
Bodegas Puelles	2.00%	8.00%	7.00%	15.00%	20.00%	20.00%	5.00%	15.00%	5.00%	3.00%	100.00%
Bodegas Aldeanueva	5.00%	10.00%	0.00%	25.00%	15.00%	20.00%	0.00%	15.00%	10.00%	0.00%	100.00%
Bodegas El Cidacos	5.00%	10.00%	0.00%	22.00%	28.00%	10.00%	0.00%	25.00%	0.00%	0.00%	100.00%
Bodegas Rivalia	5.00%	10.00%	5.00%	15.00%	20.00%	5.00%	10.00%	20.00%	8.00%	2.00%	100.00%
Bodegas Ruconia	10.00%	15.00%	4.00%	20.00%	10.00%	14.00%	10.00%	8.00%	6.00%	3.00%	100.00%
Bodegas Zugover	5.00%	0.00%	5.00%	20.00%	20.00%	20.00%	0.00%	20.00%	10.00%	0.00%	100.00%
Bodegas Patrocinio	10.00%	5.00%	10.00%	25.00%	22.00%	8.00%	5.00%	10.00%	5.00%	0.00%	100.00%
Bodegas Leza	5.00%	10.00%	7.00%	20.00%	15.00%	13.00%	6.00%	13.00%	6.00%	5.00%	100.00%
Bodegas Zuazo Gastón	3.00%	12.00%	5.00%	30.00%	20.00%	10.00%	5.00%	10.00%	2.00%	3.00%	100.00%
Bodegas Masaveu	6.00%	12.00%	8.00%	30.00%	15.00%	8.00%	0.00%	10.00%	11.00%	0.00%	100.00%
Bodegas Alvia	15.00%	12.00%	17.00%	13.00%	15.00%	5.00%	0.00%	18.00%	5.00%	0.00%	100.00%
Bodegas Akutain	10.00%	15.00%	5.00%	30.00%	30.00%	0.00%	0.00%	10.00%	0.00%	0.00%	100.00%
Bodegas Gontés Labastina	12.00%	11.00%	7.00%	14.00%	12.00%	6.00%	4.00%	11.00%	11.00%	12.00%	100.00%
Bodegas Fco Javier Pérez Gónzalez	0.00%	5.00%	13.00%	22.00%	15.00%	10.00%	5.00%	20.00%	5.00%	5.00%	100.00%
Bodegas Señorio de Terreros	20.00%	30.00%	20.00%	20.00%	10.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Bodegas Cuna de Reyes	10.00%	20.00%	0.00%	23.00%	20.00%	17.00%	0.00%	5.00%	5.00%	0.00%	100.00%
Bodegas César del Río - Cordovín	20.00%	15.00%	0.00%	15.00%	10.00%	20.00%	0.00%	20.00%	0.00%	0.00%	100.00%
Bodegas César del Río - Alesanco	10.00%	17.00%	2.00%	18.00%	15.00%	18.00%	0.00%	10.00%	10.00%	0.00%	100.00%
Bodegas "El Chaval"	10.00%	15.00%	0.00%	20.00%	23.00%	12.00%	0.00%	20.00%	0.00%	0.00%	100.00%
Bodegas Najerilla Sociedad Cooperativa	5.00%	10.00%	12.00%	18.00%	20.00%	0.00%	10.00%	20.00%	0.00%	5.00%	100.00%
Bodegas Martínez Bujanda	10.00%	0.00%	10.00%	50.00%	20.00%	10.00%					100.00%
Bodegas Dominio de Berzal	12.50%	9.70%	5.60%	12.50%	12.50%	12.50%	9.70%	11.10%	8.30%	5.60%	100.00%
Bodega Real de Nájera	15.00%	10.00%	15.00%	10.00%	17.00%	15.00%	6.00%	5.00%	5.00%	2.00%	100.00%
Average	**8.56%**	**11.08%**	**6.75%**	**20.73%**	**17.30%**	**11.28%**	**3.47%**	**13.39%**	**5.35%**	**2.09%**	**100%**

<u>Annexe 5.</u> Spanish Designations of Origin.

<u>Source</u>: NSIE - North Sydney Imports & Exports (2017). Retrieved from: http://nsie.com.au/do/ [Accessed May 9th, 2017].